Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Medical Review Division regarding a medical fee dispute between the requestor and the respondent named above.

I. DISPUTE

1. a. Whether there should be additional reimbursement for a 5-day hospital stay with the dates of service (DOS) 12/17/01 through 12/22/01?
   b. The request was received on 07/12/02.

II. EXHIBITS

1. Requestor, Exhibit I:
   a. TWCC-60
   b. UB-92s
   c. EOBs/TWCC-62s
   d. Receipts for the implantables
   e. Medical Records
   f. Any additional documentation submitted was considered, but has not been summarized because the documentation would not have affected the decision outcome.

2. Respondent, Exhibit II:
   a. TWCC-60 and Response to a Request for Dispute Resolution
   b. UB-92s
   c. EOBs/TWCC-62s
   d. Any additional documentation submitted was considered, but has not been summarized because the documentation would not have affected the decision outcome.

3. Per Rule 133.307 (g)(3), the Division forwarded a copy of the requestor's 14-day response to the insurance carrier on 08/13/02. Per Rule 133.307 (g)(4), the carrier representative signed for the copy on 08/16/02. The response from the insurance carrier was received in the Division on 08/16/02 and is reflected as Exhibit II.

4. A letter Requesting Additional Information is reflected as Exhibit III of the Commission's case file.

III. PARTIES' POSITIONS

1. Requestor: per the TWCC-60
   "Claim should be paid at 75% as bill exceeds 40k."

2. Respondent: letter dated 08/16/02
   "In the case at hand, the Carrier first audited the charges and determined the Provider's entitlement to the cost of the implantables plus 10%, which in this case totaled

$11,279.56. Once the audited implantable charges are added to the remaining charges, the total bill equaled $35,302.03. Because the $40,000.00 threshold was not reached, the Carrier properly applied the per diem methodology of the *Guideline*."

IV. FINDINGS

1. Based on Commission Rule 133.307(d)(1&2), the only dates of service eligible for review are those commencing on 12/17/01 through 12/22/01.

2. The provider billed a total of $44,744.63 for a 5-day surgical hospital stay and is requesting total reimbursement of $33,558.47 (75% of the billed amount), based on the stop-loss reimbursement methodology.

3. The carrier reimbursed a total of $16,869.56, based on the surgical per diem and the cost of implantables.

4. The amount in dispute is $16,688.91 ($33,558.47 less $16,869.56).

V. RATIONALE

Commission Rule 134.401 titled Acute Care Inpatient Hospital Fee Guideline discusses both the stop-loss reimbursement methodology and the surgical per diem methodology. The dispute is whether the provider is due reimbursement per the stop-loss method or the surgical per diem method.

1. Commission Rule 134.401 (c) Reimbursement (2) Method. All inpatient services provided by an acute care hospital for medical and/or surgical admissions will be reimbursed using a service related standard per diem amount. (4) Additional Reimbursements. All items listed in this paragraph shall be reimbursed in addition to the normal per diem based reimbursement system in accordance with the guidelines established by this section. Additional reimbursements apply only to bills that do not reach the stop-loss threshold described in subsection (c)(6) of this section. (A) When medically necessary the following services indicated by revenue codes shall be reimbursed at cost to the hospital plus 10%: (i) Implantables (revenue codes 275, 276, and 278).

2. Commission Rule 134.401 (c)(6) Stop-Loss Method. Stop-loss is an independent reimbursement methodology established to ensure fair and reasonable compensation to the hospital for **unusually costly** (bolded for emphasis) services rendered during treatment to an injured worker. This methodology shall be used in place of and not in addition to the per diem based reimbursement system. The diagnosis codes specified in (c)(5) are exempt from the stop-loss methodology and the entire admission shall be reimbursed at a fair and reasonable rate. (A) Explanation. (i) To be eligible for stop-loss payment the total audited charges for a hospital admission must exceed $40,000, the minimum stop-loss threshold. (ii) This stop-loss threshold is established to ensure compensation for **unusually extensive** (bolded for emphasis) services required during an admission.

Based on #2 above, the purpose of the stop-loss method is to ensure fair and reasonable reimbursement. Two of the criteria that must be met to establish entitlement to stop-loss

reimbursement are: 1. audited charges in excess of $40,000.00, and 2. the services provided should be unusually extensive/costly. While the provider did bill in excess of $40,000.00, the documentation does not indicate any services that are unusually extensive or costly. Also, all methods of determining reimbursement must meet the statutory requirement set forth in the Texas Labor Code Sec. 413.011 (d), "Guidelines for medical services fees must be fair and reasonable and designed to ensure the quality of medical care and to achieve effective medical cost control." The carrier was correct in basing its reimbursement on the per diem methodology in #1 above. Therefore, no additional reimbursement is recommended.

The above Findings and Decision are hereby issued this 9th day of December 2002.

Larry Beckham
Medical Dispute Resolution Officer
Medical Review Division